SENATE THIRD READING
SB 931 (Laird)
As Amended June 29, 2026
2/3 vote. Urgency

SUMMARY

Requires the operator of the Diablo Canyon nuclear power plant (DCPP) – Pacific Gas and Electric Company (PG&E) – to fund essential community services in the County of San Luis Obispo (SLO County) in fiscal years 2026-27 and 2027-28 through two equal installments of $8.3 million of previously authorized ratepayer funds, to be distributed by SLO County as specified.

Major Provisions

1) Requires PG&E to include funding for the Essential Services Mitigation Fund (ESMF), previously approved by the California Public Utilities Commission (CPUC) to cover local impacts of DCPP decommissioning, in PG&E's planned expenditures of a volumetric performance fee (VPF) for fiscal years 2026-27 and 2027-28.

2) Requires PG&E to provide the funding described above in two equal annual installments of $8,333,333 to the ESMF, starting in the 2026–27 fiscal year and continuing through the 2027–28 fiscal year, with the final payment made before October 31, 2028.

3) Prohibits funding for the ESMF described above from being extended beyond the 2027-28 fiscal year unless the Legislature enacts future legislation that explicitly extends funding for the ESMF.

4) Directs SLO County to distribute the funding within 30 days of receipt of each annual deposit to those entities that previously received allocations from SLO County from disbursements of the ESMF, as specified.

COMMENTS

DCPP is the state's only operating nuclear power plant. First opened in 1985, DCPP is a two-unit facility on the coast of SLO County. With a capacity of 2,240 megawatts, the plant typically produces about 9% of California's electric supply. DCPP's original operating licenses, issued by the United States Nuclear Regulatory Commission (NRC), allowed it to operate until November 2024 for Unit 1 and August 2025 for Unit 2. Anticipating expiration of the operating license, PG&E, labor organizations, and environmental groups announced a joint proposal to close DCPP by 2025 and proposed over $1 billion in ratepayer funds to pay for replacement power (renewables, energy efficiency, and storage) and employee retention and retraining. The joint settlement also proposed to fund mitigation of harms to the community resulting from closure, such as loss of local tax revenue. This mitigation plan is known as the Community Mitigation Impact Program (CIMP).

In 2017, the CPUC approved retirement of DCPP, as proposed in the joint settlement, but rejected the elements of the settlement seeking to pay for the CIMP, stating that such use of ratepayer funds is not legally allowed, absent authorization by the Legislature. Subsequently, the Legislature passed SB 1098 (Monning, Chapter 561, Statutes of 2018), which, among other things, directed the CPUC to approve full funding of the CIMP as proposed by the joint settlement.

In response to SB 1098, the CPUC authorized ratepayer funding to pay for the CIMP, as follows:

1) *Economic Development Fund: $10 million*—(a) $3.84 million for SLO County for economic development ($1.7 million), housing revolving funds ($1 million), infrastructure ($948,000), City of Grover Beach ($192,000) and regional economic funds ($400,000); and (b) $5.76 million to all incorporated cities in the county, excluding Grover Beach.

2) *Essential Services Mitigation Fund: $75 million*—(a) $27.9 million for SLO County for general fund mitigation ($12.1 million), housing ($5.4 million), safety ($4.5 million), infrastructure ($4.1 million) and economic development ($1.9 million); and (b) $47 million for the San Luis Coastal Unified School District ($36.8 million) and the San Luis Coastal Education Foundation, an educational foundation of the school district's choice ($10 million).

Power shortfalls earlier in this decade led the state to reconsider its commitment to shutter DCPP. The Legislature passed SB 846 (Dodd, Chapter 239, Statutes of 2022), to authorize PG&E to operate Diablo Canyon Unit 1 until 2029 and Unit 2 until 2030. Since then, the CPUC has issued various decisions to allow PG&E to continue to operate DCPP. However, neither SB 846 nor the CPUC's subsequent decisions authorized additional ratepayer funding of the CIMP.

However, SB 846 does require the CPUC to authorize PG&E to recover in rates a volumetric payment equal to $6.50 (2022 dollars) for each megawatthour generated by the DCPP during the period of extended operations (2024-2030). This is known as the Volumetric Performance Fee (VPF). Statute also requires the VPF to be borne by customers of all load-serving entities, with an additional $6.50 (2022 dollars) to be borne by PG&E customers; and specifies that this amount shall be adjusted annually. PG&E must annually submit to the CPUC for review an expenditure plan for the VPF. In 2026 alone, PG&E forecasts collecting approximately $263 million in VPF revenues: $190.8 million from PG&E customers, $59.7 million from Southern California Edison customers, and $12.9 million from San Diego Gas & Electric customers. This bill would make explicit that the VPF be used to fund (with $8.3 million annually) the Essential Services Mitigation portion of the CIMP for fiscal years 2026-27 and 2027-28.

According to the Author
According to the author, "Senate Bill 931 extends the Essential Services Mitigation Fund through the end of 2028. When the state extended operations at the Diablo Canyon Power Plant through 2030, it did not extend the community funding program established to offset local impacts. Communities in San Luis Obispo County have relied on community funding for decades to support essential public services, including fire protection, public safety response, and local schools until Diablo Canyon's planned closure. SB 931 ensures that communities surrounding Diablo Canyon are not left carrying the financial burden of supporting critical public services tied to the plant's continued operation."

Arguments in Support
This bill is supported by a coalition of local SLO County organizations, including SLO County and the San Luis Coastal Unified School District, as well as SEIU California. The school district notes in their letter of support that the opportunity provided by the bill is "not simply a funding issue," but rather "a question of fairness, partnership, and accountability." The district goes on to

note, "if our community is expected to continue supporting a facility [DCPP] that serves California as a whole, then California must also recognize and support the local public services that sustain the community."

Arguments in Opposition
The Utility Reform Network (TURN) had opposed the bill. However, TURN removed its opposition in response to recent amendments that require PG&E to pay for the $8.3 million from the VPF, rather than from a new charge on ratepayers as this bill had previously required.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations, this bill will result in no new state costs.

VOTES

SENATE FLOOR: 29-10-1
YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Menjivar, Ochoa Bogh, Seyarto, Strickland, Valladares
ABS, ABST OR NV: Niello

ASM UTILITIES AND ENERGY: 13-1-4
YES: Petrie-Norris, Patterson, Calderon, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Zbur
NO: Ta
ABS, ABST OR NV: Boerner, Chen, Davies, Wallis

ASM APPROPRIATIONS: 10-3-2
YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Solache
NO: Dixon, Ta, Tangipa
ABS, ABST OR NV: Hoover, Sharp-Collins

UPDATED

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CONSULTANT: Laura Shybut / U. & E. / (916) 319-2083 FN: 0003377